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ABSTRACT

A General Accounting Office (GAO) review assessed enforcement of provisions prohibiting discrimination to people within five protected categories--race, national origin, sex, age, and handicap--in the Comprehensive Employment and Training Act (CETA) program. It evaluated Department of Labor (DOL) and prime sponsor policies and procedures for ensuring nondiscrimination both in program services provided by recipients of federal financial assistance and in recipients' employment practices. The review was performed at DOL's headquarters (Washington, D.C.), three of DOL's regional offices, and eleven of the 460 CETA prime sponsors. GAO found that (1) the prime sponsors generally do not adequately serve significant segments, (2) DOL needs better reporting or servicing of significant segments, (3) DOL and prime sponsors need to improve monitoring and evaluation of equal opportunity activities, (4) prime sponsors need to improve design of programs to better service all segments, and (5) underrepresentation in prime sponsors' management may affect program participation. Recommendations addressed to the Employment and Training Administration (ETA) were made. The review showed that DOL has taken positive steps to ensure nondiscrimination in its CETA program, but there are still problems. ETA is in noncompliance with some sections of the Justice Department's Title VI regulations (civil rights enforcement plan). (YLB)

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BY THE COMPTROLLER GENERAL

Report To The Congress

OF THE UNITED STATES

Need To Ensure Nondiscrimination In CETA Programs

State and local governments acting as prime sponsors of Comprehensive Employment and Training Act programs are required to ensure that programs are free of discrimination based on race, color, national origin, sex, or handicap. However, prime sponsors GAO visited generally did not adequately serve women, the handicapped, people age 45 and older, or some minorities, especially in on-the-job training and public service employment activities.

The Department of Labor has implemented a new reporting system for equal opportunity complaints and issued new CETA regulations which should improve enforcement of nondiscrimination requirements. GAO makes several recommendations for further improvements.

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COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

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To the President of the Senate and the
Speaker of the House of Representatives

This report discusses the Department of Labor's efforts to ensure that Comprehensive Employment and Training Act training and employment services are provided free of discrimination based on race, color, national origin, sex, age, and handicap. The Department of Labor needs to do more to ensure nondiscrimination in providing services. At 11 prime sponsors visited, we found that women, the handicapped, those 45 and older, and some minorities were generally not adequately served.

Copies of this report are being sent to the Secretary of Labor.

Comptroller General
of the United States

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COMPTROLLER GENERAL'S REPORT TO THE CONGRESS

NEED TO ENSURE NONDISCRIMINATION IN CETA PROGRAMS

D I G E S T

The Department of Labor has not been able to determine whether Comprehensive Employment and Training Act (CETA) programs equitably serve all segments of the population. The act requires that prime sponsors--State and local governments operating CETA programs--provide CETA services free of discrimination based on race, color, religion, national origin, sex, age, handicap, or political affiliation or belief.

GAO found that 11 prime sponsors visited generally did not adequately serve women, the handicapped, people age 45 and older, and some minorities, especially in on-the-job training and public service employment. At one location women accounted for only 13 percent of the participants in on-the-job training even though 42 percent of the unemployed persons were women. At another location 60 percent of the public service employment applicants were minorities, but only 35 percent held public service jobs. (See pp. 7 and 9.)

Several factors contributed to the underrepresentation of women, minorities, the handicapped, and people age 45 and older.

The data Labor periodically collects from prime sponsors on the characteristics of CETA participants are inadequate for Labor to determine whether CETA is equitably serving all segments of the population. Labor does not require sponsors to compile data on eligible applicants by these characteristics; therefore, neither Labor nor the prime sponsors had determined whether all segments are adequately served. (See p. 10.)

Labor has developed a new reporting system for prime sponsors, which provides for collecting and reporting some of these data, but the system is still inadequate. (See p. 13.)

Labor and the CETA prime sponsors GAO visited did not adequately monitor and evaluate the equal opportunity activities for which they were responsible. Labor's equal opportunity units lacked the staff to sufficiently monitor their regional offices and prime sponsors, while most prime sponsors lacked the staff to adequately monitor the equal opportunity activities of their subgrantees and contractors. (See p. 14.)

The prime sponsors directly affected the participation of some significant segments, such as women or the handicapped, by the type of jobs they funded under CETA's on-the-job training and public service employment programs. For example, under on-the-job training programs, prime sponsors generally funded positions that were traditionally filled by males, and therefore, were of little interest to, and had little participation by female applicants. Also, many jobs funded under the public service employment program were in the professional or laborer categories, and few women or the handicapped participated in sponsors offering these jobs. (See p. 18.)

The underrepresentation of employees from certain segments--minorities, women, etc.--in the prime sponsors' management may have contributed to the limited participation of enrollees from these segments in the sponsors' programs. Women and minorities were underrepresented in management positions in 9 of the 11 prime sponsors GAO visited. The handicapped were underrepresented in 10 sponsors' management staffs. Persons age 45 and older were adequately represented in management at 5 of the 11 sponsors. Although some prime sponsors tried to change the

composition of their management staffs, they were generally unsuccessful because of limited employee turnover and low salaries.

Labor requires prime sponsors' management positions to be representative of the population of the area; however, prime sponsors are not required to report the composition of their staffs to Labor, so Labor does not know how well sponsors are complying with this requirement. (See p. 21.)

Labor has taken some steps, such as implementing a new equal opportunity reporting system and issuing new CETA regulations, to improve the enforcement of CETA's nondiscrimination requirements; however, there are still equal opportunity problems that need to be corrected. For instance, Labor is in noncompliance with some sections of the regulations Justice issued to enforce title VI of the Civil Rights Act of 1964. (See pp. 26 and 28.)

RECOMMENDATIONS TO LABOR

The Secretary of Labor should direct the Assistant Secretary for the Employment and Training Administration to:

--Establish an improved reporting system by which prime sponsors periodically provide to Labor the race, sex, etc., characteristics of (1) eligible applicants for CETA services, (2) participants in programs, such as on-the-job training, and (3) sponsors' staffs by position. (See p. 24.)

--Reemphasize that Labor's field representatives should include equal opportunity monitoring in their onsite reviews. (See p. 24.)

--Require prime sponsors to develop a more effective monitoring system of subgrantees' and contractors' equal opportunity programs by increasing

Tear Sheet

their onsite monitoring and conducting special reviews when problems are noted. (See p. 24.)

--Reemphasize that prime sponsors should consider the race, sex, etc., characteristics of the unemployed population when designing and developing their on-the-job training and public service employment programs to allow all segments the opportunity to improve their skills. (See p. 24.)

--Encourage prime sponsors to fill available management positions with women, minorities, older workers, and the handicapped, if these segments are underrepresented in the sponsor's management staff. (See p. 24.)

--Take action to comply with the Department of Justice's title VI regulations. (See p. 29).

AGENCY COMMENTS

The Department of Labor concurred with all but the first recommendation. Labor disagreed with the first recommendation and stated that because of the Federal Reports Act and Administration efforts to reduce and eliminate noncritical reporting, it would not be desirable or practicable to impose this requirement on prime sponsors. However, GAO's review showed that Labor and prime sponsors cannot determine whether the segments are equitably being served. GAO believes that information required in items (1) and (2) of the first recommendation is critical to assist Labor in ensuring nondiscrimination in the CETA program.

With regard to item number (3) of that recommendation, GAO recognizes that Labor has been trying to obtain Office of Management and Budget approval of this reporting element for some time, and GAO encourages Labor to continue its efforts to obtain such approval.

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ABBREVIATIONS

CETA	Comprehensive Employment and Training Act
DEEO	Division of Equal Employment Opportunity
ETA	Employment and Training Administration
GAO	General Accounting Office
OJT	on-the-job training
PSE	public service employment

CHAPTER 1

INTRODUCTION

Nondiscrimination is of major importance to the successful administration of the Comprehensive Employment and Training Act of 1973 (CETA) (29 U.S.C. 801, as amended by Public Law 95-524), in that persons for whom the act was written--the economically disadvantaged, unemployed, and underemployed--are frequently those who are victims of discrimination.

CETA, which is administered by the Department of Labor's Employment and Training Administration (ETA), is one of the Federal Government's principal means of improving the job prospects of the unemployed. Under the act, State and local authorities, called prime sponsors, are responsible for (1) providing job training and employment opportunities for unemployed, underemployed, and economically disadvantaged persons and (2) assuring that training and supporting services lead to maximum opportunities and enhanced self-sufficiency of participants. During fiscal year 1978, 2.1 million people received skill training and another 1.2 million were provided subsidized jobs through CETA, costing more than $9.6 billion.

CETA requires that its services be provided free of discrimination based on race, color, religion, national origin, sex, age, handicap, or political affiliation or belief. These provisions apply to program applicants and participants, as well as prime sponsors' employees and applicants for employment. In addition to the nondiscrimination provisions contained in CETA, other laws also prohibit discrimination in federally assisted programs, such as:

--Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d) prohibits discrimination based on race, color, and national origin.

--Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 706, as amended by Public Law 95-602) prohibits discrimination based on handicap.

--Section 303 of the Age Discrimination Act of 1975 (42 U.S.C. 6102) prohibits discrimination based on age.

Our previous audit work showed that there are problems in Federal agencies' enforcement of nondiscrimination requirements in federally assisted programs. 1/

The Division of Equal Employment Opportunity (DEEO) in ETA's Office of Investigation and Compliance is responsible for providing policy direction and procedural guidance in nondiscrimination matters to Labor's 10 regional offices. Through the regional offices, ETA is responsible for approving prime sponsor program plans, monitoring prime sponsors' compliance and complaint handling activities, providing training and technical assistance, and assuring that prime sponsors comply with the act's provisions, including nondiscrimination.

In fiscal year 1979, about 460 prime sponsors received Federal financial assistance through Labor's regional offices to carry out training and employment programs. The services provided by each prime sponsor vary, and may include classroom and on-the-job training (OJT), work experience, subsidized jobs with public and private nonprofit agencies, and basic education. Supportive services, such as child care, medical aid, housing assistance, and transportation may also be provided.

RECENT LEGISLATIVE CHANGES AFFECTING CETA

CETA was enacted in December 1973 and later amended by the Emergency Jobs and Unemployment Assistance Act of 1974 (29 U.S.C. 961), the Emergency Jobs Program Extension Act of 1976 (Public Law 94-444), and the CETA Amendments of 1978 (Public Law 95-524). Our review concentrated on the Department of Labor's compliance with provisions prohibiting discrimination in titles I, II, and VI, as the titles existed before the 1978 amendments.

Under title I, Federal funds went to prime sponsors to provide services, such as developing and creating job opportunities, recruiting, testing and placement, supportive services, classroom and OJT, work experience, and other services needed to enable individuals to secure and retain employment in jobs providing needed public services, and for training related to such employment. Title II

1/"Agencies When Providing Federal Financial Assistance Should Ensure Compliance With Title VI" (HRD-80-22, Apr. 15, 1980).

was viewed as a permanent program to assist persons in areas of substantial unemployment through transitional jobs that lead to unsubsidized employment. Title VI authorized an emergency program to provide federally subsidized employment in State and local governments (referred to as public service employment (PSE)) in areas of excessively high unemployment.

The 1978 amendments reauthorized the CETA legislation for 4 years with some basic structural and conceptual changes. Titles I and II were combined, and two distinct programs were set up in the amended CETA: (1) title II established a program to provide for training, work experience, and the employment of persons in areas of substantial unemployment and (2) title VI established an emergency program to provide additional jobs in areas of excessively high unemployment. Title I now contains the general provisions and definitions applicable to the act.

LABOR'S REGULATIONS TO IMPLEMENT CETA

The Department of Labor is responsible for ensuring compliance with the act, including nondiscrimination in the provision of all program services and in CETA prime sponsors' employment practices. The act states that the Secretary shall not provide financial assistance to any grantee who discriminates with respect to any program participant or any applicant for participation based on race, religion, color, national origin, sex, handicap, or political affiliation or belief. Labor can enforce prohibitions against discrimination and artificial barriers to employment by revoking a prime sponsor's plan, if it maintains a pattern or practice of discrimination, demanding assurances that the program will contribute to eliminating artificial barriers to employment and occupational advancement, and terminating financial assistance to a discriminatory program.

Labor regulations (29 C.F.R. 98) require the Secretary to assess grantees' programs and activities to determine compliance, provide for continuing evaluation of all programs, compile information on enrollee characteristics, and offer technical assistance and/or recommendations for corrective action to prime sponsors.

New CETA regulations were issued on April 3, 1979 (20 C.F.R. 675-679). They focus on targeting services to persons most in need, placing participants into unsubsidized employment, and providing improved management control to prevent program fraud and abuse. One of the major non-

discrimination changes the new regulations made was to revise and strengthen CETA's complaint handling system.

DEPARTMENT OF JUSTICE ROLE IN ENFORCING NONDISCRIMINATION IN CETA

The Justice Department also has a role in enforcing nondiscrimination in CETA. The Attorney General is responsible for coordinating the enforcement of title VI of the Civil Rights Act of 1964 with Federal departments and agencies and can bring action for violation of the nondiscrimination provisions of CETA.

Justice issued regulations (28 C.F.R. 42.401, et seq.) in December 1976 to prescribe standards and procedures and to assist departments and agencies to implement title VI. The regulations require, in part, that Federal departments and agencies extending financial assistance (in such programs as CETA) (1) publish title VI guidelines, (2) require recipients to publicly disseminate title VI nondiscrimination requirements, (3) collect specific data from applicants for and recipients of financial assistance, (4) determine compliance of applicants, (5) develop an effective program of post-approval compliance reviews, and (6) establish specific procedures for prompt processing and disposition of complaints.

In the Justice Department, the Civil Rights Division is responsible for coordinating title VI enforcement in ETA. During 1974 and 1975, the Division made an evaluation of ETA's enforcement program under title VI of the Civil Rights Act of 1964, focusing on nondiscrimination enforcement in programs funded by the U.S. Employment Service. CETA was in the process of being implemented by ETA, and was not the focus of the evaluation. Justice issued its "Interagency Survey Report" in December 1975. After more than a year of negotiations, Labor and Justice entered into a Memorandum of Understanding on January 25, 1977, to implement, through a series of agreed upon remedial actions, the recommendations in Justice's "Interagency Survey Report."

During 1976 and 1977, Justice made a series of monitoring reviews of CETA prime sponsors. A 1978 followup review evaluated ETA's title VI program and determined the extent of ETA's implementation of the Memorandum of Understanding. The followup report was issued in December 1978 and is referred to in this report as the "Justice Report." The Justice Report showed that there were serious nondiscrimination enforcement problems in ETA's title VI program, including some aspects of the CETA program. These findings are discussed throughout this report, where applicable.

SCOPE OF REVIEW

Our review objective was to assess enforcement of provisions prohibiting discrimination to people within five protected categories--race, national origin, sex, age, and handicap--in the CETA program. We evaluated Labor and prime sponsor policies and procedures for ensuring nondiscrimination both in program services provided by recipients of Federal financial assistance and in recipients' employment practices. The review was performed at Labor's headquarters in Washington, D.C., at Labor's Atlanta, Boston, and Dallas regional offices, and at 11 of the 460 CETA prime sponsors located in:

--Springfield, Massachusetts.
--Worcester, Massachusetts.
--Providence, Rhode Island.
--Hartford, Connecticut.
--Corpus Christi, Texas.
--Austin, Texas.
--Texarkana, Arkansas.
--Montgomery, Alabama.
--Miami, Florida.
--Orlando, Florida.
--DeKalb County, Georgia.

We reviewed CETA and its legislative history; Labor's regulations, policies, and operating procedures; and records and documents, including placement records, reports, complaint logs, and participants' files maintained by Labor and prime sponsors. We evaluated Labor and prime sponsors' monitoring and evaluation efforts, complaint handling, and the usefulness of the data presented in prime sponsor management information systems and reported to Labor. We discussed program operations with Labor, prime sponsors, contractors, and community-based organizations. Some program data discussed in this report, such as OJT or PSE applicant and participant statistics, were not available at each prime sponsor visited.

At the 10 prime sponsors which had applicant 1/ data available, we generally selected random statistical samples of 100 applicants and recorded demographic characteristics to determine how many people (1) were eligible by race, sex,

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1/As used herein, "applicant" refers to those people that prime sponsors determined to be eligible for CETA services.

etc., and (2) received jobs and other services; and if there were disparities, whether they could be justified. These samples were not projected to all CETA prime sponsors.

The use of statistics and statistical sampling is a generally accepted method for identifying equal opportunity problem areas. Statistical data are frequently cited by the courts in equal opportunity cases. In the absence of discrimination, the participants in an employment program, such as CETA, should be reasonably representative of the significant segments of the unemployed population 1/ of a prime sponsor's target area. Also, the rate of participation for the significant segments in the program should approximate their representation among applicants. The extent to which the proportion of a significant segment in a CETA program is less than the unemployed population is commonly called the "underrepresentation gap" or the disparity.

The recommendations in this report are based on detailed review work at 11 prime sponsors, 3 Labor regional offices, and Labor's headquarters. The Department of Justice's findings at 12 prime sponsors and all Labor regional offices and its headquarters corroborated our work and recommendations. Because our findings deal with problems that relate to Federal policies and procedures, we believe that the limited number of prime sponsors reviewed (11 by GAO and 12 by Justice out of about 460) provides a sufficient basis for us to make recommendations to the Secretary of Labor.

1/The unemployed population is the estimate of the unemployed that prime sponsors obtained from the States' employment service offices.

CHAPTER 2

WOMEN, MINORITIES, AND OTHER GROUPS COULD BE BETTER SERVED BY CETA IF PROGRAM MANAGEMENT IMPROVED

The prime sponsors visited generally had not adequately served women, the handicapped, people age 45 and older, and some minorities in their programs, especially in providing OJT and PSE. Stronger and more active oversight is needed by Labor and prime sponsors to ensure nondiscrimination in providing CETA program services.

Labor has taken some steps to improve its efforts to ensure nondiscrimination in the CETA program, including the issuance of new regulations and the development of new nondiscrimination reporting requirements, but problems still exist. Labor needs to take additional action to ensure nondiscrimination in the CETA program.

SIGNIFICANT SEGMENTS HAVE NOT BEEN ADEQUATELY SERVED

CETA places individuals in unsubsidized employment through a variety of programs, some of which provide classroom training, OJT, and PSE. Most segments of the population, including women and minorities, were adequately being placed in classroom training programs and unsubsidized jobs in relation to their representation in the unemployed population. However, this was not always the case in programs offering OJT and PSE.

Most of the community-based organizations contacted believed that the majority of prime sponsors we visited attempted to deal equitably with all segments.

Limited participation in OJT program

OJT offers participants the opportunity to learn and develop job skills under a supervisor's guidance at an employer's place of business. Most OJT employers are in the business community, not in government. OJT may train participants for entry-level jobs or upgrade participants' skills for jobs requiring higher skills. Such training is intended to help participants (1) fully develop their potential and

(2) become economically self-sufficient. Employers provide OJT and are usually reimbursed by the sponsor for one-half of participants' wages during training.

The OJT programs operated by 10 of the 11 prime sponsors for which we could obtain information, primarily served white males between 22 and 44 years of age. At most locations women were underserved in relation to their representation in the unemployed population. At several locations minorities encountered problems enrolling in CETA and finding employment upon completing OJT. Few handicapped persons and workers 45 and older were enrolled in CETA OJT programs.

Women were underrepresented in OJT at 9 of the 10 prime sponsors. At these sponsors the rates at which women participated in OJT averaged about 35 percent (with a range from 12 to 53 percent), whereas their representation in the unemployed population averaged about 47 percent. For example, at one sponsor women accounted for 13 percent of OJT enrollees, while their unemployment rate was 42 percent. At another sponsor women accounted for 49 percent of the unemployed population, but their participation rate in OJT was only 20 percent.

Minorities were generally adequately provided OJT at seven prime sponsors. Based on their representation in the unemployed population, minorities were underserved at only 3 of the 10 sponsors. However, minorities enrolled in OJT were less likely to complete their training and be placed in unsubsidized jobs. For example, at one prime sponsor 72 percent of the whites enrolled were placed in unsubsidized employment compared to 48 percent of the minorities.

At 2 of the 10 sponsors, no handicapped persons were enrolled, although 3.6 and 2 percent, respectively, of the unemployed were handicapped. At seven of the remaining eight sponsors, the handicapped were underserved. For example, at one prime sponsor, the handicapped participation rate was 3 percent and their unemployment rate was 7.5 percent.

At all 10 prime sponsors, people age 45 and older were underserved based on their representation in the unemployed population. For example, at one sponsor this group accounted for only 3 percent of the participants while their representation in the unemployed population was 15 percent.

Limited participation in public service employment program

Under CETA, PSE participants should be placed in jobs that enhance their ability to obtain unsubsidized jobs. Based on our samples of PSE applicants at 8 of 11 sponsors, most prime sponsors adequately served older workers, but one or more of the other segments (minorities, women, or the handicapped) was underserved at each prime sponsor.

Eligible PSE applicants were sampled at eight of the prime sponsors visited to determine if disparities existed between the number of people that applied for services and those that actually participated. (We were not able to take samples at three prime sponsors because their records were not complete.) Based on our samples, women were underserved in PSE jobs at seven prime sponsors. For example, at one sponsor, female PSE applicants accounted for 43 percent, but only 32 percent had PSE jobs. At another sponsor 51 percent of the applicants were women, but only 41 percent of them had PSE jobs.

Minorities were also underserved at five of the eight prime sponsors. For example, at one sponsor, minorities accounted for 60 percent of the applicants; however, only 35 percent were given PSE jobs. At another sponsor, 38 percent of the applicants were minorities, but only 33 percent were given PSE jobs.

We also found disparities in the extent to which handicapped persons were receiving PSE jobs, although on a much smaller scale. At two of the eight sponsors, the handicapped were receiving 2 percent or less of the PSE jobs, even though they accounted for 3 to 5 percent of the applicants. For example, at one sponsor 5 percent of the applicants were handicapped; however, only 1 percent of the participants were handicapped.

In contrast, all but one of the eight prime sponsors adequately served those people age 45 and older in their PSE programs. At two of the eight sponsors, they participated at a much higher rate than their representation in the unemployed population.

LABOR NEEDS BETTER REPORTING ON SIGNIFICANT SEGMENTS

Although Labor periodically collects data from prime sponsors on the race, sex, etc., characteristics of CETA participants, the data are inadequate for Labor to ensure nondiscrimination in the program. In addition, Labor does not require prime sponsors to compile data on eligible applicants by these characteristics; therefore, Labor and prime sponsors cannot determine whether all segments are equitably served. Labor has recently established a new equal opportunity reporting system which provides for the collection and reporting of additional data; however, neither Labor nor prime sponsors are able to rely on this system to ensure that all segments are adequately being served.

Labor receives inadequate and misleading data on CETA participants

Labor's DEEO uses only one report to evaluate prime sponsors' management of CETA's nondiscrimination requirements--the "Quarterly Summary of Participant Characteristics." The Quarterly Summary provides data on the number of beneficiaries receiving CETA services, summarized by significant segments. The report, a compilation of participant activity for each title of CETA, does not show the race, sex, etc., composition of the participants in each program (i.e., OJT and PSE). Sponsors' reports to Labor usually showed that most segments were adequately provided with training services. However, our analysis showed that certain groups, such as females and minorities (see p. 7), were often not adequately represented in the sponsors' OJT programs. For example, a Quarterly Summary showed that a sponsor's training participation rate was 44 percent for women, yet women's OJT participation rate was only 12 percent. Most women were enrolled in classroom training courses.

Also the Quarterly Summary does not contain information regarding the activities of the prime sponsors' individual contractors or subgrantees--the report is a compilation of all the sponsor's activities. Therefore, it does not indicate the performance of individual contractors or subgrantees--those that may not be adequately providing CETA services are combined with those with good performance. A prime sponsor's overall program reporting might not show any indication of disparity in services, although such disparity might exist at some contractors or subgrantees and could be identified with a better reporting system. For example, a prime sponsor's

title I Quarterly Summary showed that minorities were being adequately served. However, the prime sponsor found that one of its contractors was not adequately serving minorities.

In its report, Justice stated that the Quarterly Summary does not provide ETA with sufficient data to accurately determine a recipient's compliance with the equal opportunity requirements contained in title VI regulations. Justice found, for instance, that data

--for Hispanics were counted twice, which prevented accurate comparative analysis of services to Hispanics, and

--were provided in totals by CETA title only, which meant that training programs with diverse goals were combined and assessed as a single entity.

For example, the three major training activities--classroom training, OJT, and work experience--are included under the Quarterly Summary training component. While the objective of each of these activities is to place participants in unsubsidized employment, a different segment may be served by each activity. A prime sponsor's adult work experience program concentrates on individuals difficult to place, such as ex-offenders, whereas classroom training participants are usually young with little previous employment experience. The OJT program is usually directed to high school graduates and individuals ready to function in private employment but lacking appropriate skills.

The DEEO director said that the Quarterly Summary does not satisfy his equal opportunity information needs, and it is not useful in evaluating the program's effectiveness to ensure nondiscrimination. The Quarterly Summary does not contain information on those persons eligible for CETA or those applying to the CETA program--it only reports how many participants are in the program. In addition, the DEEO director said that his office lacks other information to evaluate how well Labor and prime sponsors are implementing CETA's nondiscrimination requirements, such as the types of jobs participants are receiving, how successful they are in keeping their jobs, or the salary levels they are receiving.

The director, knowing that adequate information was not available for his office's use, said that he had been working to have more useful data included in prime sponsors' reports to Labor. He said that, although the reporting system has been improved, more data elements must be included to allow

DEEO to adequately determine if CETA's nondiscrimination requirements are being met.

Lack of applicant information can affect prime sponsors' ability to adequately serve all segments

Labor requires prime sponsors to maintain the applications of all CETA program applicants for 1 year. Two of the 11 prime sponsors we visited failed to satisfy this requirement. At one prime sponsor, application forms were completed only for individuals who were placed or enrolled in a program.

Labor also requires prime sponsors to collect data on socioeconomic characteristics, including race, sex, age, and handicapped status, for all CETA applicants. However, Labor does not require prime sponsors to compile and report these data. Therefore, Labor cannot determine if the sponsors are equitably serving each segment of the population in relation to the percentage applying.

At several prime sponsors, by examining applicant records, we found that there were significant variances between the percentage of certain groups applying for CETA services and the percentage of their participation. At one prime sponsor, for example, minorities accounted for 60 percent of the PSE applicants, yet they accounted for only 35 percent of those receiving CETA services. Because applicant data are not compiled and reported, both Labor and prime sponsors were unaware of such variances.

The lack of information on applicants also affects prime sponsors' ability to accurately determine what level of service should be provided to each segment of their population. Because prime sponsors do not compile data on applicants, they have to rely on data developed by State employment security agencies when planning their service levels. These data, however, do not provide an accurate picture of the population CETA is to serve. As four prime sponsors' plans noted, many individuals, particularly minorities, may not use State employment services because they are not seeking employment. Because CETA was established to serve such people, some prime sponsors have adjusted their plans to recognize the need to serve this group. For example, one sponsor estimated that 35 percent of the enrollees in its PSE program should be minorities, even though the minority unemployed rate was 20 percent. The plan stated that the unemployment data for this target group did not consider the "discouraged worker" factor and the plan was adjusted accordingly.

Problems with Labor's new reporting system

Before Labor's new equal opportunity reporting system was implemented in November 1978, DEEO did not require any reports on regional office activities to ensure compliance with CETA's nondiscrimination requirements. The DEEO director told us that he did not know how often the regions were performing compliance reviews, how many were being performed, or what types were being performed. Under the new reporting system, regional offices are required to submit semiannual summary reports of their compliance activities.

Before November 1978, Labor also had no reporting system to record the receipt, status, and promptness of its prime sponsors' complaint handling. Under the new equal opportunity reporting system, Labor's regional offices are required to submit semiannual reports on all CETA complaints starting on July 1, 1979. Labor's monitoring of complaints filed under CETA using this system began in January 1980 because two reports were necessary before comparisons could be made.

Although ETA's new equal opportunity reporting system makes improvements in the way compliance and complaint data are collected and reported, the new system does not correct the problems with the Quarterly Summary that were found by Justice and us. The CETA data reported to Labor are not sufficient to adequately evaluate the implementation of the nondiscrimination requirements of CETA or to permit effective enforcement of title VI. As discussed earlier (see p. 10), DEEO does not receive adequate data on the race, sex, etc., characteristics of applicants or participants, and ETA's new equal opportunity reporting system will not fully provide it.

Although records maintained by some prime sponsors may be sufficient for determining compliance with CETA's nondiscrimination requirements, using these records requires onsite Labor monitoring. However, onsite monitoring is seldom done by Labor. Any data review by Labor would be time consuming because the data collected are generally incomplete, and the data that are maintained vary by Labor region and prime sponsor. The Justice report also stated that its review found that "no program provided ETA data and information at the Federal level sufficient to permit effective enforcement of Title VI."

LABOR AND PRIME SPONSORS NEED TO IMPROVE THEIR MONITORING AND EVALUATION OF EQUAL OPPORTUNITY ACTIVITIES

Labor and CETA prime sponsors failed to adequately monitor and evaluate the equal opportunity activities for which they were responsible. Due to a limited number of onsite reviews and the unavailability of equal opportunity data on people applying for and receiving CETA services, as discussed earlier, Labor and prime sponsors have not known the extent of compliance with the nondiscrimination requirements of CETA.

Labor performed few onsite nondiscrimination reviews

Labor regulations require the Secretary to provide for the continuing evaluation of all CETA activities. According to the regulations, such assessments are to be conducted through the review of records and reports and/or selective onsite reviews. Labor's requirements for compiling and reporting nondiscrimination data are limited. Also, Labor headquarters' onsite nondiscrimination monitoring was limited. Labor did not know that some of its regional offices had problems with their nondiscrimination and complaint handling activities.

The DEEO director said that DEEO made few onsite reviews of the regional offices' and prime sponsors' operations because it had few staff members. About nine DEEO staff members monitor regional office and prime sponsor equal opportunity activities.

From January 1976 through December 1978, DEEO made reviews at 5 of the 10 regional offices and 6 of the 460 CETA prime sponsors. The reviews usually lasted from 3 to 10 days and were performed by one to four people. These indepth nondiscrimination reviews generally covered complaint handling and investigation, training, quality and timeliness of required reports, community relations, commitment of staff to equal opportunity goals, and other problems affecting nondiscrimination activities.

In March 1979, another division in ETA's Office of Investigation and Compliance, the Division of Special Review, began performing CETA "checklist" reviews of prime sponsors. According to the division, the checklist is a tool for

reviewing, in a limited time period, prime sponsors from a general program perspective and to make an initial determination as to whether it complies with CETA and other Labor requirements. If the checklist review indicates noncompliance, then the appropriate region would conduct a full compliance review. Compliance with CETA's nondiscrimination requirements is one of three areas examined through this checklist-review approach.

The Division of Special Review performed 24 checklist reviews from March through September 1979. According to a division official, these reviews did not identify any major items for followup equal opportunity reviews. Although these are not indepth equal opportunity compliance reviews, they help DEEO identify overt equal opportunity problems in key areas, such as staffing and complaint handling. The DEEO director said that no ETA office, other than DEEO, performed indepth reviews of regional office and prime sponsor nondiscrimination activities.

With limited data reported and limited onsite monitoring performed, Labor does not have adequate information to assess CETA's compliance with its nondiscrimination requirements. Labor headquarters was unaware of some of the regional offices' nondiscrimination activities. For example, DEEO officials could not tell us: how many CETA discrimination complaints were received by Labor and prime sponsors during fiscal years 1976-79, the types of discrimination charged in complaints filed, how often the regions were making compliance reviews, what types of reviews were made, what problems were uncovered during compliance reviews, or how much and what type of training the regions were providing to the prime sponsors.

Inadequate monitoring of prime sponsors' equal opportunity compliance and complaint handling activities

CETA requires Labor to take a strong and active role in monitoring prime sponsors' equal opportunity programs to ensure compliance with the act and Labor regulations. Several Labor officials told us that the lack of staff adversely affected their ability to monitor sponsors and provide assistance.

Monitoring should consist of periodic visits by Labor to prime sponsors to ensure that they are complying with the nondiscrimination provisions of the act. Labor headquarters provides the regions with handbooks and memorandums

on monitoring, but other than the annual assessment of prime sponsors, there are no suggested time limits for monitoring visits to ensure compliance with the equal opportunity requirements.

Monitoring generally consisted of sporadic, 1-day visits to selected prime sponsors. In only one of the three regions visited did monitoring visits, which directly related to CETA's nondiscrimination requirements, extend beyond 1 day. At that region during fiscal year 1978, Labor staff spent between 1 and 2 weeks at each of five sponsors. These visits were initiated because of possible problem areas noted by Labor's regional representatives in their annual assessment of the sponsors.

All Labor regional equal opportunity officials visited told us they believed that they should do more monitoring of sponsors' compliance with CETA's nondiscrimination requirements, but they did not have enough staff. In addition to CETA prime sponsors, Labor staffs are also responsible for compliance monitoring at State employment security agencies and for the Job Corps program. Due to budget constraints it is highly unlikely that there will be an increase in the staff assigned to regional equal opportunity compliance units.

One Labor region, for example, had three staff members in its equal opportunity compliance unit. However, during our review, one staff member transferred to another Labor unit and a second member was temporarily assigned to another region, even though the unit had recently submitted a proposal for eight positions. The region's fiscal year 1978 annual assessments consisted of 1-day visits to only 11 of the region's 26 sponsors. Labor and prime sponsor officials told us that a 1-day visit was not enough time to review the program and determine in what areas assistance was needed.

In another region, despite limited staff, all prime sponsors' equal opportunity programs were reviewed on a limited basis by using Labor's field representatives. These representatives are the focal point through which the effectiveness of all prime sponsors' activities are evaluated from administrative, financial, and programmatic viewpoints. The monitoring activities consisted of (1) routine contacts with prime sponsor officials either by telephone or onsite visits, (2) desk reviews and evaluations of reports submitted to Labor, (3) an annual assessment of prime sponsor performance, and (4) reviews to determine whether sponsors were complying with CETA's requirements. To assist in the reviews, the

representatives used Labor monitoring guides, which include coverage of CETA's nondiscrimination requirements. This was the only region where Labor's field representatives were involved in reviewing equal opportunity at prime sponsors.

Insufficient monitoring by prime sponsors of subgrantees and contractors

CETA regulations and guidelines require that prime sponsors ensure nondiscrimination by monitoring all activities for which they have been provided funds. Prime sponsors' monitoring of subgrantees and contractors was generally limited to determining if contractors had grievance procedures and affirmative action plans, but did not always include determining how well the procedures and plans were working. Some sponsors' monitoring also included discussions of CETA's equal opportunity activities with participants. However, at most sponsors, monitoring was conducted by the staff (not specifically trained in equal opportunity) responsible for reviewing all program results. The equal opportunity officers' duties were generally limited to reviewing results of the monitoring visits and taking action when necessary.

While some sponsors had a systematic program for monitoring, which included coverage of CETA's nondiscrimination requirements, others did not. For example, at one sponsor all contractors and subgrantees were visited three times during the contract period. However, at other sponsors, contractors' and subgrantees' equal opportunity activities were not reviewed at all. We found a case in which Labor, in a February 1978 compliance review, recommended that a sponsor expand its monitoring to include equal opportunity. In our April 1979 visit to this sponsor, we found that Labor's recommendation had not been complied with.

Another sponsor contracted for its CETA monitoring activities with a city agency. This agency did little monitoring of the prime sponsor's contractors and subgrantees, and when such monitoring was done, it was usually through desk audits. Officials at the monitoring agency told us the prime sponsor did not always inform them of contracts it funded, or told them long after the contracts had started.

Several prime sponsor officials told us that, as a result of our review, they are more aware of their responsibilities to monitor the implementation of CETA's nondiscrimination requirements by their subgrantees and contractors, and they will increase the monitoring of these activities.

PRIME SPONSORS NEED TO IMPROVE THE DESIGN OF THEIR PROGRAMS TO BETTER SERVE ALL SEGMENTS

Because of the type of positions prime sponsors funded in offering some CETA services (e.g., jobs traditionally held by white males), all segments were not adequately represented in OJT and PSE programs. Many OJT positions provided little opportunity for women, minorities, the handicapped, and older workers to participate. While better represented in PSE, these segments were still inadequately represented. Prime sponsors need to consider all segments of the population applying for CETA services when designing OJT and PSE jobs.

OJT program does not serve all segments

Prime sponsors' OJT programs generally included jobs that traditionally were filled by white males, e.g., auto mechanics, machinists, etc. The sponsors' OJT programs for these types of jobs did not include adequate representation of all segments eligible and applying for OJT services. Prime sponsors need to identify the needs and skills of those applying for CETA services, so they are in a better position to design and identify OJT opportunities for them.

As discussed on page 7, women's participation was limited in OJT. One factor contributing to this limited participation was prime sponsors' developing most OJT programs for such traditionally male-dominated jobs as auto mechanics and machinists. While women were generally told of the availability of such positions and encouraged to enroll, few did. Another factor, according to one sponsor, was the reluctance of private employers to train women in nontraditional jobs. One sponsor told us that there were few opportunities to develop OJT programs in traditional jobs for women, such as typing, because such jobs do not lend themselves to OJT contracts--employers want individuals who can already type.

Although women were encouraged to enroll in the better paying, male-dominated jobs, most women preferred clerical and service jobs which paid less wages. For example, at one sponsor all of the individuals receiving less than $2.50 per hour were women. At another sponsor the OJT program placed women in positions traditionally held by females, primarily clerical and service jobs, for which they were paid less than men while in training and after they completed training.

The handicapped and people age 45 and older encountered different problems. Several sponsor officials told us that they made no conscious effort to develop OJT programs for the handicapped because they did not consider that CETA was designed to serve such individuals. As a result, the development of OJT positions, such as auto mechanic and machinist, make it difficult for individuals with significant physical handicaps to participate. Furthermore, many employer locations are not accessible to the handicapped.

For workers age 45 and older, one prime sponsor told us that some employers are not receptive to accepting individuals in this age group in OJT because employers want to train individuals to replace older workers when they retire. Another prime sponsor limited participation in its OJT program to applicants between the ages of 18 and 23. When we brought this to the attention of Labor officials, they agreed that this appeared to be discriminatory and said that, if they had been aware of the situation, they would have directed the prime sponsor to eliminate the age restriction. The sponsor has since removed the age restriction from its OJT program.

PSE program

Prime sponsors should design their PSE programs so that applicants from all segments of the population have an equal opportunity to participate. Many of the sponsors we visited funded jobs--predominately professional jobs or jobs traditionally held by males or females--that contributed to the underrepresentation of certain segments.

For example, at one sponsor, 21 percent of the title II PSE applicants were minorities. However, minorities accounted for only 13.5 percent of those with PSE jobs. Minorities were more equitably served in the sponsor's title VI program which funded a significant number of laborer PSE positions. The prime sponsor said that title II funds were used for better paying, highly skilled professional positions with the city

government and the prime sponsor. Minorities generally did not have the qualifications for these positions.

The funding of PSE jobs with large numbers of professional positions adversely affected minorities' participation at other prime sponsors. At one prime sponsor, minorities represented 60 percent of those applying for PSE professional positions; however, whites filled 71 percent of these PSE jobs. In contrast, minorities filled 63 percent of the clerical and 47 percent of the laborer positions--generally lower paying jobs. At another prime sponsor, 47 percent of those applying for PSE jobs were minorities, and 32 percent of the minorities had PSE jobs.

Prime sponsors' funding of traditionally male jobs in their PSE programs also adversely affected the representation of women. For example, one prime sponsor used its title II program to fund various PSE positions in a city, such as jobs in its police and fire departments. As a result, there was a 14-percent gap in the title II participation rate for women in relation to their representation in the unemployed population. The prime sponsor said that most women were not interested in these positions. Also, because this sponsor had not established a policy by which participants' time in the program was limited, there was little change in the composition of these positions which had been funded since fiscal year 1975. The CETA program, reauthorized by the Congress in fiscal year 1979, prohibits individuals from being paid wages in PSE for more than 18 months in a 5-year period. This change should eliminate some of the long-term inequities in providing services.

Prime sponsors' funding of laborer jobs--another job traditionally held by males--also contributed to the underrepresentation of women and the handicapped in CETA's PSE program. One sponsor said that fewer laborer jobs should have been funded because they did not give certain groups, particularly women, an opportunity to participate. At this sponsor, there were 26 percent fewer women enrolled in PSE than had applied.

Two sponsors we visited recognized the special need for designing jobs for the handicapped. To increase the number of handicapped participants in PSE, one prime sponsor entered into an agreement with the local office of the State's rehabilitation commission. The commission trained the CETA staff to be more aware of the physical and psychological problems the handicapped encounter and helped develop a better system

for referring handicapped PSE applicants between the two agencies. At the second sponsor, in fiscal year 1978 the handicapped accounted for only 1 percent of those employed in PSE even though over 7 percent of the area's population was handicapped. The sponsor said that, in the future, it would work with local agencies that assist the handicapped to improve their participation in the program.

UNDERREPRESENTATION IN PRIME SPONSORS' MANAGEMENT MAY AFFECT PROGRAM PARTICIPATION

Although CETA regulations require that prime sponsors' staffs reflect the composition of the population of the area, many sponsors' staffs did not reflect this population. Prime sponsors are not required to report the composition of their staffs to Labor, and Labor does not know how well sponsors are complying with the regulations. Labor requested that this type of information be included in its new reporting system, but the Office of Management and Budget did not approve the request.

Prime sponsors' staffs did not reflect the target population

Women, minorities, the handicapped, and workers age 45 and older were underrepresented, in relation to their composition in the unemployed population, in management positions at most of the prime sponsors visited. This underrepresentation in management may have contributed to the corresponding underrepresentation of these segments in prime sponsors' programs. However, when prime sponsors tried to change the composition of their staffs, they encountered problems.

At 9 of the 11 prime sponsors visited, women were underrepresented in managerial positions. In three of the nine prime sponsors, women held no managerial positions, even though their representation in the unemployed population averaged about 43 percent. Although minorities were not adequately represented in the management of 9 of the 11 sponsors, we noted that the director of one of the other two sponsors was Hispanic. Only 1 of the 11 sponsors had a handicapped person represented on the staff. Workers age 45 and older were adequately represented in the management of 5 of the 11 prime sponsors.

A study on CETA prepared by staff from a private university concluded that a major factor contributing to the underrepresentation of, and inequities in the selection and treatment of, minorities and women is the staff composition of

prime sponsors' management and work force. Labor, in a memorandum to prime sponsors, said that existing staffing bias is the major factor leading to prime sponsors' designing and selecting CETA jobs in occupational areas traditionally dominated by men, and, therefore, yielding a disproportionate number of males in the program.

Prime sponsor officials had different opinions concerning the effects of underrepresentation in management on the composition of program participants. One prime sponsor believed that there was a correlation between the composition of the staff and the type of participants in the program. Another sponsor told us that, as long as the management staff is sensitive to the needs of everyone, all groups would be adequately served. We found examples to support both views.

For example, at one sponsor where women filled 67 percent of the management positions, 69 percent of the title II jobs were traditionally jobs held by women. At another sponsor the director of a community-based organization told us that the sponsor's management staff, which included few minorities, was very insensitive to the needs of minorities. In one of this sponsor's programs, minorities were underserved, based on their application rate, by 70 percent.

At other sponsors the composition of the management staff did not affect the participation level of minorities and the handicapped. For example, at one sponsor, minorities received services in proportion to their representation in the unemployed population, even though the sponsor's management was comprised of seven white males.

Problems encountered in changing the composition of prime sponsors' management

Prime sponsors said that it was difficult to change the composition of their staffs. For example, the all white male management staff of one prime sponsor had been in place since 1975, when three separate programs were merged. Since the merger, none of these individuals has left, thus there have not been opportunities for hiring minorities or women.

Some prime sponsor officials said that it was difficult to attract qualified personnel, especially women and minorities, because of the relatively low salaries. For example, one prime sponsor attempted to hire a woman as an assistant management information system director. Few qualified women

applied for the position despite the sponsor's extensive outreach efforts. A woman was offered the position, but she declined it because the salary was less than she received in her present job. A white male was eventually hired for the position.

In another case, a prime sponsor had hired only women and minorities to fill most management and professional job vacancies since 1978. Under the previous director, this sponsor had no women or minorities above the paraprofessional level.

After we discussed the composition of their management staffs with them, several prime sponsors stated that they would concentrate on improving the representation of women and minorities on their staffs. Another sponsor, recognizing that minorities and women should be represented in management, said that he should have done more to hire representatives of these groups for management positions.

Only one prime sponsor had a good representation of minorities in management positions. For example, the sponsor's staff was mostly Hispanic in an area with a predominantly Hispanic population.

CONCLUSIONS

While CETA prime sponsors were generally serving all segments of the population, some segments were underserved in certain programs, especially OJT and PSE. Furthermore, minorities and women were usually underrepresented in prime sponsors' management, which may have contributed to their limited participation in some CETA programs.

Most community-based organizations believed that CETA sponsors attempted to serve all segments of the population. However, Labor and prime sponsors often could not determine how various segments were being served because of incomplete and inadequate reporting of information about CETA applicants and participants and inadequate monitoring of sponsors', subgrantees', and contractors' performance.

Labor established a new reporting system for prime sponsors and this should provide better information on sponsors' performance. However, the system will not provide all the information Labor needs to determine whether prime sponsors are operating their programs in a nondiscriminatory

manner. Unless Labor increases its onsite monitoring, it will not be able to adequately evaluate prime sponsors' compliance with their equal opportunity program responsibilities. Also, prime sponsors will not be aware of problems at their subgrantees and contractors unless they improve their monitoring.

RECOMMENDATIONS

We recommend that the Secretary of Labor direct the Assistant Secretary for ETA to:

--Establish an improved reporting system by which prime sponsors periodically provide to Labor the race, sex, etc., characteristics of (1) eligible applicants for CETA services, (2) participants in CETA programs, such as OJT, and (3) sponsors' staffs by position.

--Reemphasize that Labor's field representatives should include equal opportunity monitoring in their onsite reviews.

--Require prime sponsors to develop a more effective monitoring system of subgrantees' and contractors' equal opportunity programs by increasing their onsite monitoring and conducting special reviews when problems are noted.

--Reemphasize that prime sponsors should consider the race, sex, etc., characteristics of the unemployed population when designing and developing their OJT and PSE programs to allow all segments equal opportunity to participate to improve their skills.

--Encourage prime sponsors to fill available management positions with women, minorities, and other segments when they are underrepresented in such positions.

AGENCY COMMENTS AND OUR EVALUATION

In commenting on a draft of this report (see app. I), the Department of Labor agreed with all but our first recommendation. Labor said it has taken or is taking the following actions:

--It will prepare a directive to its regional administrators which will instruct its representatives to put greater emphasis on equal opportunity monitoring in their onsite reviews.

--Its regional offices are monitoring to assure that prime sponsors' Independent Monitoring Units, which the CETA amendments require for monitoring subgrantees and contractors, are established. Labor is working with prime sponsors to assure that these systems operate effectively.

--It said that it requires prime sponsors to describe in their plans the services to people in the significant segments, and it regularly monitors the prime sponsors service to these groups.

--It said that current CETA regulations provide that members of the eligible population should be given maximum feasible opportunities to participate in the administration of programs, including staff positions. Because of the various ways CETA prime sponsors interpret Labor's regulations' definition of "the population of the area," Labor is clarifying its intent by modifying its regulations to read: "significant segments of the population residing in the area * * *."

We agree that Labor's regulations specify requirements that, if implemented by it and its prime sponsors, would alleviate many of the problems we address in our recommendations. However, some of these requirements existed during our review and were not being fully implemented. Therefore, we believe that Labor will have to ensure that these requirements are being complied with.

The Department of Labor said its new reporting system will require prime sponsors to collect and maintain data on the race, sex, etc., characteristics of CETA applicants and participants. However, Labor did not agree with our recommendation that this information be periodically reported. Labor stated that, because of the Federal Reports Act and Administration efforts to reduce and eliminate noncritical reporting, it would not be desirable or practicable to impose this requirement on prime sponsors. However, our review showed that Labor and prime sponsors cannot determine whether the segments are equitably being served. We believe that information required in items (1) and (2) of our first recommendation is critical and should be reported to Labor to assist it in ensuring nondiscrimination in the CETA program.

With regard to item number (3) of that recommendation, we recognize that Labor has been trying to obtain Office of Management and Budget approval of this reporting element for some time, and we encourage Labor to continue its efforts to obtain such approval.

CHAPTER 3

INADEQUATE COMPLIANCE WITH JUSTICE'S REQUIREMENTS

The CETA program has been under review by Justice since 1974. Labor has taken some steps to improve CETA's nondiscrimination program; however, many Justice recommendations have not been acted upon. Our review showed there are still problems with the enforcement of the nondiscrimination provisions in CETA that need to be corrected.

LABOR NOT COMPLYING WITH SOME OF JUSTICE'S REQUIREMENTS

Justice's Civil Rights Division released its "Interagency Survey Report" on December 10, 1975, in which it identified many deficiencies in ETA's program to enforce title VI of the Civil Rights Act of 1964. The survey report led to Labor and Justice signing a Memorandum of Understanding in 1977, in which Labor agreed to improve ETA's nondiscrimination program through a series of corrective actions. During 1978, Justice conducted a followup review to evaluate ETA's title VI program and to determine the extent of ETA's implementation of the memorandum. Justice's followup review found continued problems in ETA's enforcement of title VI nondiscrimination requirements, including noncompliance with Justice title VI regulations and Labor's lack of action on items in the Memorandum of Understanding.

Our review showed similar nondiscrimination enforcement problems. For example, Justice title VI regulations require Labor to maintain a log of title VI complaints filed with it and its recipients, and to report to Justice semiannually on the receipt, nature, and disposition of these complaints. DEEO is responsible for maintaining Labor's title VI log and for reporting the required information to Justice. DEEO was not properly maintaining the log or reporting the data.

Our review of 213 title VI complaints filed with Labor, CETA prime sponsors, subgrantees, or contractors during fiscal years 1976-78 showed that much of the required information was not available. For example, 85 percent of the complaint reports did not identify the complainant by race, color, or national origin; 52 percent did not describe the disposition

of the complaint; and none identified the date the investigation was completed. In addition, many of the complaints in the file were discrimination complaints filed on a basis other than title VI.

The DEEO director said that Justice never requested Labor to provide the missing information and that Labor never performed any (and Justice never requested it) followup on the disposition of logged cases. DEEO does not use the title VI complaint log for its monitoring of prime sponsors' compliance with nondiscrimination requirements. DEEO officials did not know how many of the complaints in the title VI log were CETA complaints, or if any of Labor's regions were fully complying with the reporting requirements. One of the 3 regional offices and 4 of the 11 prime sponsors that we reviewed were not reporting their title VI complaints to Labor as required by the regulations.

Our review and the Justice work showed that ETA was not complying with other sections of the title VI regulations, including the requirements to

--publish title VI guidelines for each program to which it extended financial assistance,

--provide for the collection of data from applicants for and recipients of Federal assistance to permit effective enforcement of title VI, and

--make written determinations as to whether such applicants are in compliance with title VI.

LABOR/JUSTICE TASK FORCE
PLAN NOT ACCEPTED

After receiving Justice's second report in December 1978, ETA agreed to participate with Justice's Civil Rights Division in a Joint Task Force on Civil Rights Enforcement in ETA. The task force was to develop an ETA Civil Rights Enforcement Plan--the framework within which ETA would carry out its equal opportunity program--and to make recommendations to ETA's Assistant Secretary on how ETA could improve its overall civil rights enforcement program.

The task force submitted its enforcement plan to the Assistant Secretary of ETA on February 7, 1979. The cochairpersons of the task force noted in the cover memorandum that the

plan represented the "best thinking of a cross section of dedicated staff in ETA, CRD [Justice's Civil Rights Division], and of the public interest groups that testified orally and in writing to our groups." The plan recommended specific corrective actions regarding ETA's organizational structure, administration, performance standards, training programs, compliance activities, complaint handling, and staffing. The plan also listed the actions that ETA needed to take to fulfill its obligations under the Memorandum of Understanding. The task force recommended that ETA accept the plan as presented and publish it in the Federal Register, after approval by Justice.

On April 9, 1979, the Assistant Secretary of ETA responded to the task force plan in a letter to Justice. He stated that parts of the plan could not be accepted because of extenuating circumstances, primarily organization and staffing problems, and, conversely, parts of the plan would be modified and included as part of ETA's Title VI Civil Rights Enforcement Plan for fiscal years 1979 and 1980. The letter stated that ETA's plan would be submitted to Justice "as expeditiously as possible" and that he considered this "an urgent and positive step toward improving the Civil Rights posture of ETA." ETA submitted the plan to Labor's Office of the Solicitor on May 4, 1979, for approval. On January 23, 1980, the Solicitor's office approved the plan and submitted it to Justice.

LABOR HAS TAKEN SOME POSITIVE STEPS

Although Labor has not taken action on many of the recommendations made by Justice and by the Labor/Justice task force, Labor has recognized some of the shortcomings of its ETA nondiscrimination program and has taken steps to improve the program. ETA implemented a new equal opportunity reporting system in November 1978. Also, ETA issued new regulations in April 1979 for the CETA program and incorporated equal opportunity requirements in them. Although the new reporting system still requires improvements, these actions by Labor should improve ETA's nondiscrimination program.

One of the major changes the new regulations and reporting requirements made, for example, was to revise and strengthen the complaint system. Labor is required by CETA regulations to investigate and resolve complaints promptly. The April 1979 CETA regulations state that Labor must resolve all complaints within 180 days, of which 60 days are allotted to prime sponsors

for them to resolve complaints. The previous regulations did not specify any time limit. As a result, we found many instances in which complaint handling was not prompt in Labor's regional offices and at prime sponsors.

ETA's new reporting system requires regional offices to report their discrimination complaints to headquarters every 6 months. In the past, only title VI complaints were required to be reported and, therefore, Labor had no way to effectively monitor regional complaint handling.

CONCLUSIONS

Although Labor has taken some positive steps to ensure nondiscrimination in its CETA program, there are still problems that need to be corrected. ETA is in noncompliance with some sections of Justice's title VI regulations. Although Justice has presented these recommendations to ETA in the past, ETA has not yet taken action.

RECOMMENDATIONS

We recommend that the Secretary of Labor take action to comply with the Department of Justice's title VI regulations.

AGENCY COMMENTS AND OUR EVALUATION

The Department of Labor said it has prepared extensive amendments to its regulations (29 C.F.R. 31) implementing title VI of the Civil Rights Act of 1964 and has prepared a comprehensive enforcement plan for nondiscrimination requirements in Labor's grants of financial assistance. These documents have been submitted to the Department of Justice for approval.

If Justice approves Labor's enforcement plan, and Labor implements the changes it has proposed, Labor will address the problems identified.

U. S. Department of Labor

Inspector General
Washington, D.C. 20210

APR 3 0 1980

Mr. Gregory J. Ahart
Director
Human Resources Division
U. S. General Accounting Office
Washington, D. C. 20548

Dear Mr. Ahart:

This is in reply to your letter to Secretary Marshall requesting comments on the draft GAO report entitled, "The Department of Labor Needs to do More to Ensure Nondiscrimination Under the Comprehensive Employment and Training Act." The Department's response is enclosed.

The Department appreciates the opportunity to comment on this report.

Sincerely,

Marjorie Fine Knowles

MARJORIE FINE KNOWLES
Inspector General

Enclosure

GAO note: The page references in this appendix may not correspond to the page numbers in the final report.

U.S. Department of Labor's Response
to the Draft General Accounting Office
Report Entitled --

"The Department of Labor Needs to do
More to Ensure Nondiscrimination
Under the Comprehensive Employment and
Training Act"

1. Recommendation. Establish an improved reporting system by which prime sponsors periodically provide to Labor the race, sex, etc. characteristics of: (1) eligible applicants for CETA services, (2) participants in CETA programs, such as on-the-job training, and (3) sponsors' staffs by position.

Response: The Department does not concur.

Comments: With regard to items numbers (1) and (2) above, the Department does not believe that it is desirable nor is it practicable to impose this requirement on grantees in light of Congressional intent (Federal Reports Act) and Administration efforts to reduce and eliminate noncritical reporting.

Also, under the CETA reauthorization, a Functional Management Information System (FMIS) for CETA was established. The FMIS is the management information system standard which all CETA prime sponsors are required to meet. It details a set of specifications for the information/output required to be available through the prime sponsor's management information system.

As part of the FMIS, in FY 1981, prime sponsors will be required to collect and maintain data on eligible applicants for CETA services and participants in programs such as on-the-job training by race/ethnic group and sex, as recommended in (1) and (2) above. While they will not be required to report these data on a regular basis, they will be required to produce these data on demand for Federal monitoring purposes. In staff level discussions between the Justice Department and the Department, it was agreed the FMIS requirement should be implemented and is currently at OMB for clearance.

With regard to (3) above, sponsors' staffs by position, the Department has continually attempted to obtain OMB approval to require grantees to report the characteristics of their staffs. Upon OMB clearance, the Department will immediately make such reporting mandatory.

2. Recommendation. Reemphasize that Labor's field representatives should include equal opportunity monitoring in their onsite reviews.

Response: The Department concurs.

Comment: EEO currently is included in the onsite monitoring requirements. The Department will prepare a directive to its Regional Administrators which will instruct Federal representatives to put greater emphasis on EO monitoring in their onsite reviews. EEO is a major area of concern addressed in the FY 1980 CETA Formal Performance Assessment. The instrument used by ETA staff in conducting these assessments is laced with questions which require the reviewer(s) to cite specific evidence that the grantee is complying with applicable CETA regulation provisions.

Grantees are given numerical scores on their EEO performance and assigned overall assessment ratings to determine their acceptability for funding prior to the approval of their grants.

In addition, it should be pointed out that the Department (ETA's Office of Investigation and Compliance) has conducted a number of onsite prime sponsor reviews during FY 1979 and 1980.

3. Recommendation. Require prime sponsors to develop a more effective monitoring system of subgrantees' and contractors' equal opportunity programs by increasing their onsite monitoring and conducting special reviews when problems are noted.

Response: The Department concurs.

Comment: Although the Department concurs that prime sponsors' systems of subrecipient monitoring could be more effective, it should be noted that the CETA Amendments of 1978, require CETA grantees to establish Independent Monitoring Units (IMUs) to accomplish the very purposes to which this GAO recommendation speaks. The CETA regulations of April 3, 1979, at Section 676.75-2, specifically require that the IMU monitor affirmative action. Therefore, the "systems" which this recommendation calls for are already required in the amended statute. Regional Offices are monitoring to assure that they are established. The Department is working with prime sponsors to assure that these systems operate effectively.

4. Recommendation. Reemphasize that prime sponsors consider the race, sex, etc. characteristics of the unemployed population

APPENDIX I

when designing and developing their OJT and PSE programs to allow all segments equal opportunities to participate to improve their skills.

Response: The Department concurs.

Comment: The April 3, 1979 regulations currently require prime sponsors at Section 676.54 to provide employment and training opportunities in all program activities on an equitable basis, to the significant segments of the population, including those based on age, race, sex, or national origin. Prime sponsors are required to describe service to these groups in their plans. Prime sponsor performance in serving these groups is monitored regularly.

5. Recommendation. Encourage prime sponsors to fill available management positions with women, minorities and other segments, when they are underrepresented in such positions.

Response: The Department concurs.

Comment: The Department wishes to point out that the current CETA regulations, at Section 676.52(g), provide that members of the eligible population (which the GAO draft report refers to as the target group), shall be provided maximum feasible opportunities for employment in the administration of programs, including staff positions in which they will have opportunities for occupational training and career advancement.

Moreover, the first paragraph at the top of page v of the DIGEST section, and the last paragraph at the bottom of page 37, should be changed in the draft report to indicate that the April 3, 1979 CETA regulations at Section 676.52 require that sponsors' staffs reflect the composition of the population "of the area," not the population "to be served." Because of the variances of CETA prime sponsor interpretations of the definition of 'the population of the area,' the Department is clarifying its intent by modifying the April 3 regulations to read: "...significant segments of the population residing in the area... ."

6. Recommendation. Take action to comply with the Department of Justice's Title VI regulations.

Response: The Department concurs.

Comments: The Department has prepared extensive amendments to its regulations implementing Title VI of the Civil Rights Act of 1964, as amended (29 CFR 31) and has prepared a comprehensive

enforcement plan for nondiscrimination requirements in Labor Department grants of financial assistance. These documents have been submitted to the Department of Justice for approval. Where appropriate, the Department of Labor will amend the CETA regulations to take into account the provisions of 29 CFR 31 amendments.

Page 49 of the draft report should be corrected to show that the CETA regulations of April 3, 1979, state that all complaints must be resolved within 180 days, with the Labor Department having only 120 of those 180 days to resolve. The other 60 days are allotted to prime sponsors for their resolution of complaints.

Paragraph 2, on page 27 of the draft report should read, there are "specific standards" of monitoring performance available for regional office staff's use and guidance. For example, such standards are contained in the EEO Compliance Officer's Handbook, in the Comprehensive CETA Review Instrument developed and tested jointly by Justice and DOL's ETA Office of Investigation and Compliance.

Page 7 of the draft report should be corrected to show that the current title of the Justice Department's Division of Civil Rights is the Office of Coordination and Review, Federal Programs Section. At the bottom of page 25 of the draft report, a change should be made to indicate when a "checklist review" is made by ETA's Office of Investigation and Compliance, which indicates noncompliance, ETA then recommends to the Regional Administrator that a full compliance review be conducted of the grantee.

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